

Montana Wheat and Barley Committee Interim Board Meeting
Heritage Inn, Room 201, Great Falls
November 30, 2006
Great Falls, Montana

(Note: Please read entire set of minutes as various topics are referenced in more than one place.)

The following were present for either a portion of or the entire meeting:

DIRECTORS

Brian Kaae	Kim Holzer
Don Fast	Mel Goffena
Janice Mattson	Don Chaffee
Frank Schoonover	

EX-OFFICIO

Dr. Jeff Jacobsen, Dean; Montana State University College of Agriculture and Director; Montana Ag Experiment Stations
Marv Blodgett, Grain Merchandiser, General Mills

STAFF

Kim Falcon
Cheryl Tuck
Kolleen Spurgin

GUESTS

Peggy Stringer, Head Statistician; Montana Agricultural Statistics Service
Joel Clairmont, Deputy Director and Administrator; Agricultural Development Division, Montana Department of Agriculture
Dr. Patricia Berglund, Director; Northern Crops Institute
Dan Kidd, Producer and Past Director; Montana Wheat and Barley Committee
Dan DeBuff, Producer and Past Chairman; Montana Wheat and Barley Committee
Craig Essebaggers, Bureau Chief; State Grain Laboratory, Montana Department of Agriculture
LynMarie Laurens, Project Coordinator; MontanaMarketManager, Montana Grain Growers Association
Leonard Schock, Past MW & BC Director and Chairman; U.S. Wheat Associates
Duane Beirwagen and son, Producer
Fred Elling, Producer and Past MW & BC Director
Vincent Peterson, Vice President of Overseas Operations, U.S. Wheat Associates
Carl Mattson, Producer and Conservation and Farm Program Associate, Montana Grain Growers Association
John Metcalf, Photographer; Centennial Portraits

Chairman Frank Schoonover called the meeting to order at 1:40 p.m. on Thursday, November 30, 2006 and then called for public comment after having guests introduce themselves.

Vincent Peterson reported that Alan Tracy, President; U.S. Wheat Associates, was regrettably unable to attend the meeting and, in his behalf, Peterson thanked the MW & BC for its financial support.

Chairman Schoonover commented that he had heard remarks about how pleased individuals were to learn what the MW & BC, through its involvement with USWA, in particular, does for the Montana producer in the international marketplace.

The Committee dispensed with reading of the minutes from the October meeting.

Janice Mattson stated for the record she was unable to attend the Idaho Barley Forum as was indicated in the minutes she would do.

1) M/S/C Janice Mattson/Brian Kaae – That the October meeting minutes be approved as presented in an earlier mailing and copied in the present meeting packets.

Kim Falcon reviewed the financial statement for August through October 2006, mentioning the percentage of refunds is slightly lower, as is the actual number of refunds, compared to the previous month.

Brian Kaae noted the change in the charts presented in the report were more legible and reflected averages which he had requested at the last meeting.

Dr. Patricia Berglund advised the Committee that the Northern Crops Institute does not get interest on grant monies, so it would be possible to request payment from the MW & BC later in the year and not all at once, in order for the MW & BC to earn interest.

Dr. Jeff Jacobsen requested that the line item on page twelve of the Financial Statement be changed from "Variety Protection and International Markets" to "Research Center Equipment". Additionally, he wanted to know if a \$300 discrepancy between the Committee's and Montana State University's accounting department still existed.

1) M/S/C Janice Mattson/Don Fast – That the financial statement be accepted, as presented.

Falcon reviewed her submitted Taiwan/Japan trip report, discussing demand for barley. Japan has a keen interest in food barley following the FDA's approval of the health benefit claims for barley. The U.S. Grains Council will now need to follow up with testing information on betaglucans in barley. The message delivered to the Japanese on this mission was that if the Japanese want feed barley, they'll have to contract for it in order to assure a reliable supply.

Dan Kidd interjected that the barley desk at Burlington Northern Santa Fe has historically been separate from wheat, but now it is being moved to the wheat desk.

Mattson added that the Bavaria Brewing Company in Colombia has already purchased their 2007 supplies.

Falcon continued that, in Taiwan, containers are becoming the preferred manner of grain shipping. She observed that human food uses of barley are gaining in importance, even over animal feed uses. The Taiwanese do not mind discoloration of barley after cooking, unlike the Japanese.

Falcon reported on the surprise visit the office received from a Japanese "Paraquat" team composed of government agency officials and Japanese industry representatives. Falcon was asked by the Japanese to carry the message to the other states, through USWA, on this issue.

Mel Goffena briefed the Committee on MSU's Ag Appreciation weekend he attended. He spent much of his time with the Future Farmers of America representatives and they had a good turnout for this event.

Goffena also attended the Montana Agricultural Experiment Stations and College of Agriculture Development Council meetings. Mattson also attended some of the Ag Appreciate Weekend functions, including an interesting lecture. Dr. Jacobsen reported \$200,000 in new funding was pledged but the dinner and silent auction will not be held again next year.

Falcon, on the subject of the State Grain Lab, mentioned there was still a position at the Lab not filled. The Lab may request betaglucan testing equipment next budget year from the MW & BC. More trains requiring sampling are going south. Plans are being made for the retirement of two of the qualified employees at the Lab.

Leonard Schock briefed the Committee on the recently released Australian Cole Report which was very damaging to the Australian Wheat Board (AWB). The USWA is developing letters to send to the Commodity Trade Commission, Department of Justice, the Department of Agriculture Secretary Johanns and to new House and Senate trade and sub-committee members and staff. These letters will call for investigation into possible violations of U.S. law by the AWB.

Schock listed several money-saving measures implemented by USWA to address the budget deficit including the release of the office receptionist, cancellation of some magazine subscriptions, limitation of trips, and the site of the winter meeting to be based in Washington, D.C. Despite these and other measures, there is still a \$203,000 budget deficit.

Schock reported the Latin American Millers (ALIM) meeting in Chile was not as well attended as those held in other countries. Still, several good customers were represented who engaged in important discussions.

Craig Essebaggars, Lab Manager at the State Grain Lab, answered questions from the Committee and advised that his main concern was to groom some personnel to be inspectors. He also commented that the Lab has sampled no shuttle trains, only 26-car and 52-car units.

Dr. Jacobsen reviewed candidate screenings for various positions, mentioning he is pleased at the quality of candidates they now have. He hasn't yet received a letter of resignation from Sue Blodgett, so no formal search has started to find her replacement. He commented there are two earmarked projects he feels will be impacted by the recent elections, leaving both in a state of flux.

Peggy Stringer distributed several statistics updates and examples of a barley survey questionnaire. The results of this survey will be released February 1, 2007. The Montana Agricultural Statistics Service (MASS) will again be conducting an Agricultural Research Management Survey (ARM). The winter wheat seeding report will be published the second week in January 2007.

Marv Blodgett gave his "View From the Trade" report, stating most indicators were bullish. He gave some cautionary examples for the bullish market we are experiencing now, based on historical patterns.

Blodgett acknowledged the possibility of Canadian feed wheat coming down and being blended with Montana wheat if the CWB is disbanded. He suggested we need traceability to avert real problems.

The Committee recessed at 3:30 p.m. to have a Board photo taken and reconvened at 3:40 p.m.

Schock commented that he had heard from foreign offices that Cheryl Tuck, in the period when the Committee had no Executive Director, had given knowledgeable presentations to foreign trade teams.

Carl Mattson briefed the Committee on an MGGA project to get true harmonized chemical labels through a NAFTA Technical Working Group which would eliminate price disparity in across-the-border movements of agricultural chemicals. They have a three-pronged approach utilizing a case study in which Fargo will be brought from Canada into the U.S. to identify what problems exist. This will take place after December 8, 2006. The second step would require dual labeling and the third would result in a true NAFTA label, eliminating all complications. Mattson commented this would benefit Montana producers as they would then be able to source inputs across international borders and, it is believed, competition will bring prices down. Additional information will be obtained on chemical use in Canada which is helpful during this period of Japanese chemical residue issues. Eventually such harmonization could be realized across southern borders, as well. Currently, the MGGA is short on funds to implement this three-pronged approach. Mattson submitted a

proposal for \$6,000 for travel expenses that will be incurred to maintain a presence at the NAFTA Technical Working Group meetings.

Dr. Berglund and Brian Kaae commented it may be possible for the Northern Crops Council to hold their next meeting in Sidney, Montana in the fall of 2007. Additionally, the North Dakota legislature added a pulse/oilseed specialist position at NCI. A bill will be drafted to add two additional processors and two producers to the Northern Crops Council board.

The directors reviewed previously issued board assignments, noting that Frank Schoonover will be a regular USWA board member with Janice Mattson. Also, Don Fast and Frank Schoonover will replace Kim Holzer on the Transportation Committee, but Chairman Schoonover added that, in reality, all directors need to be involved with transportation issues.

A question was raised about when the January MAES Planning meeting will be held and that will need to be added to the Upcoming Events calendar. Kim Holzer requested that the Upcoming Events calendar include meetings as far out as possible for planning purposes. In discussion regarding the new \$6,000 MGGA proposal, it was mentioned that normally the Committee doesn't consider proposals outside the annual budget meeting but urgency made it necessary to consider this proposal now. Discussion was held regarding the re-allotted funding following the cancellation of the USWA Special Media Tour project and the need to pick up a pro-rated share of expenses to close out the WETEC account.

3) M/S/C Don Fast/Brian Kaae – That the MGGA “pesticide harmonization” project funding proposal request for \$6,000 be approved.

4) M/S/C Brian Kaae/Don Chaffee – That \$6,000 be moved from the \$10,000 USWA Special Project (Media Tour) to pay for the MGGA “pesticide harmonization” proposal approved in motion #3.

5) M/S/C Janice Mattson/Don Chaffee – That the remaining \$4,000 set aside for the USWA Special Project (Media Tour) be moved to “Trade Activities” with \$2,000 designated for USWA and \$2,000 designated for NAWG.

It was determined the date for the annual budget meeting for 2007 will be set at the February meeting. The due date for funding proposals will be discussed by Chairman Schoonover and Dr. Jacobsen and the Committee will be notified of this due date prior to the February meeting.

Directors who will participate in the Wheat Marketing Center Producer Training program are Kim Holzer, Don Chaffee, Frank Schoonover and Mel Goffena.

Directors were reminded to contact their bankers, co-ops, etc. for donations to help sponsor the USWA Summer Board meeting in Kalispell. A letter will need to be drafted to present to potential donors.

Kaae asked that a March 6 Northern Crops Council meeting in Bismarck, North Dakota be added to the Upcoming Events calendar.

Falcon advised there are restrictions on hotel rooms for the Commodity Classic meeting in Tampa, Florida. Don Fast, Frank Schoonover, Janice Mattson and Kim Falcon will attend. Kim Holzer said she could find her own place to stay.

Falcon reported that despite sufficient spending authority to purchase a new office vehicle, the bid came in at \$29,000 and the Committee budgeted only \$22,000 and Kim wanted direction from the Committee on how to proceed.

6) M/S/C Don Fast/Brian Kaae – That the Committee spend up to the legislatively-approved spending authority for a new office vehicle, providing a requisition order can still be submitted for this period. There was one dissenting vote.

The meeting was adjourned at 5:30 p.m.